

COUNTRY ANALYSIS BRIEFS

Gabon

Last Updated: October 2006

Background

Gabon's economic growth is highly dependent on oil production. As a result, Gabon is seeking increased non-oil sector growth for future stability.

Gabon's economy is highly dependent on oil production, with the country's oil export earnings accounting for 65 percent of government revenues. High oil prices have helped increase the country's real gross domestic product (GDP) growth rate, which rose from 1.4 percent in 2004 to 2.7 percent in 2005. In 2005, Gabon registered per-capita GDP of approximately \$5,000, which is significantly higher than the sub-Saharan African average of \$1,500. However, analysts estimate that 60–70 percent of Gabonese live below the poverty line. Inflation has decreased over the last decade, with recent decreases attributed to weak private domestic demand. The 10 percent inflation experienced in 1995 dropped to one percent in 2005. In coming years, Gabon hopes to increase growth in the non-oil sector, especially with looming oil export declines as a result of decreased domestic oil production.



In addition to declining oil production, Gabon is faced with high debt payments amounting to 40 percent of the annual government budget. As of September 2006, the International Monetary Fund (IMF) had a total of \$65 million loaned to Gabon. The World Bank currently has three active projects in Gabon, which include \$50 million in loans. The projects are aimed towards increasing natural resource management within the country. In addition, the International Finance Corporation (IFC) has invested \$256 million in the Gabonese energy sector.

Gabon was instrumental in forming the Central Africa Economic and Monetary Community (CEMAC), a consortium of six nations hoping to merge their macroeconomic policies and create a common market. The movement culminated in the creation of the Gulf of Guinea Commission, established in 2000 to encourage settlement of conflicts threatening natural resource development.

Oil

Overview

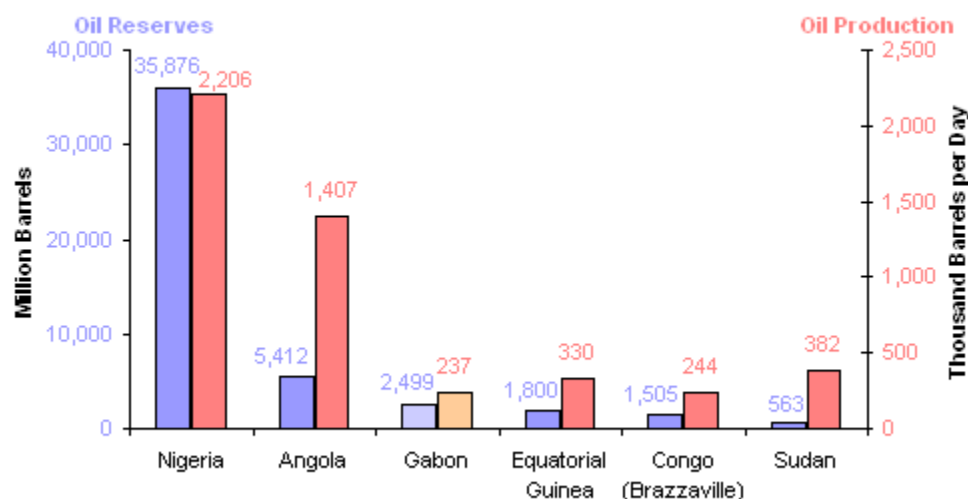
According to *Oil and Gas Journal* (OGJ), Gabon had proven oil reserves of 2.5 billion barrels as of

Gabon has the third-largest crude oil reserves in sub-

Saharan Africa.

January 2006. The onshore Rabi-Kounga field contains the vast majority of Gabon's proven oil reserves, while additional reserves are located in the offshore Tchatamba Marin and Etame fields. During the first nine months of 2006, Gabon produced 237,000 barrels per day (bbl/d) of crude oil, making Gabon the sixth largest producer in sub-Saharan Africa. Contrasted with Gabon's 1997 peak of 371,000 bbl/d, 2006 oil production has declined 36 percent. In part, the decline in production is due to maturing fields and a lack of new fields coming online, something that Gabon is working to change over the next few years. Gabon exports the majority of its crude oil (226,000 bbl/d), with over half (127,000 bbl/d) going to the United States in 2005. During the first six months of 2006, Gabon exported an average of 52,000 bbl/d to the United States. The remaining exports go to Western Europe and Asia. In 1996, Gabon retracted its membership in the Organization of Petroleum Exporting Countries (OPEC), citing the organization's high annual dues as the reason.

Top Proven Oil Reserves and Production* in Sub-Saharan Africa, 2006



Source: EIA, *International Energy Annual*, *Oil and Gas Journal*, *World Oil*

*Jan-Sept only

Sector Organization

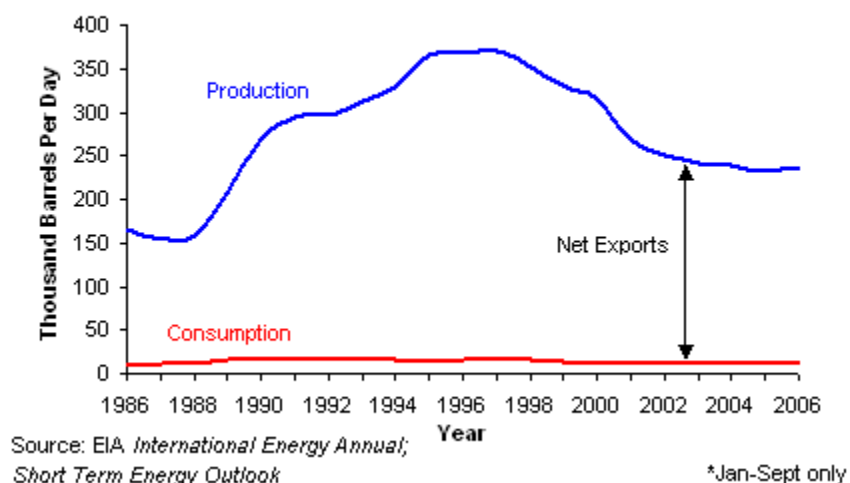
Gabon's Oil Ministry is responsible for all regulation in the oil industry. The country has a national oil company, Société Nationale Pétrolière Gabonaise (SNPG); however, SNPG is not actively involved in development projects. French companies are the primary foreign investors in Gabon. The tax system within Gabon encourages foreign investment and certain aspects of oil exploration are exempt from the value-added tax. In addition to providing investment incentives, Gabon has been striving towards greater transparency within the oil industry. In 2004, Gabon created an online oil databank where users can obtain energy information dating back thirty years. Government officials anticipate that the databank will lead to greater transparency in the oil sector. In addition, Gabon joined Tony Blair's Extractive Industries Transparency Initiative (EITI) to increase transparency in oil and mining payments from companies to governments.

Exploration and Production

Gabon is actively seeking oil investment in an effort to maintain current production levels of crude oil.

Gabon's largest producing oil field, Shell's onshore Rabi-Kounga, produces around 55,000 bbl/d, down from its 1997 peak of 217,000 bbl/d. In 2003, in an effort to extend the productive life of the field, Shell began re-injecting associated natural gas into the field. In addition, Shell and Elf-Gabon (a joint venture between Total and the Gabonese government) announced a ten-year, \$152 million extension of an existing exploration and production-sharing agreement (PSA) in the Rabi-Kounga area. With the extension, the exploration and PSA will continue through 2017. Additional PSAs are held by Shell-Gabon (Douka Marin and Panga Marin Blocks), Pioneer Natural Resource Company (Olowi Block) and Tullow Oil (Akoum permit).

Gabon's Oil Production and Consumption, 1986-2006*



In recent years, several smaller firms have brought oil fields online in Gabon. Vaalco (operator), Addax Petroleum, and Sasol are involved in the Etame offshore field. Current output at Etame field is approximately 18,000 bbl/d. In the summer of 2005, the International Finance Corporation (IFC) approved a revolving loan of \$30 million for Vaalco to continue its oil exploration, development and production in the Etame block. In 2002, the IFC loaned Vaalco \$10 million for development work on Etame.

In July 2006, Addax Petroleum purchased the interests of Pan-Ocean Energy in Gabon for \$1.4 billion. The acquisition makes Addax the largest producer in Gabon, with total production of more than 100,000 bbl/d. According to Addax Petroleum, some of their near-term development opportunities will include the continued drilling in the Tsengui and Obangue fields, completion of an export pipeline, which will transport oil from the onshore Obangue field to the Coucal pipeline system and export terminal at Cap Lopez, and future development of the Koula field.

In September 2006, FirstAfrica Oil completed initial drilling in the offshore East Orovinare oilfield. The company hopes to have production from the field online by the third quarter of 2007. Initial production is expected at over 7,000 bbl/d. In 2005, Maurel and Prom, a French oil company, announced its first successful well in Gabon and the company has plans to drill two additional wells in the Ofoubou permit area. Also in 2005, Gabon signed exploration contracts with Perenco and an Indian consortium, which includes Marvis, Oil India, Indian Oil Corporation and the Oil and Natural Gas Corporation (ONGC).

Licensing Rounds

In an effort to increase production, Gabon's Oil Ministry has increased the number of exploration permits offered to investors. During the April 2000 - January 2001 licensing round, Gabon offered 27 blocks, but response from international petroleum companies was disappointing. The government then decided to focus on smaller independent firms and Chinese companies. In 2002, Gabon's Oil Ministry awarded PSAs to Energy Africa Gabon SA (EAGSA) (Akoum permit), Perenco (Ogueyi Block), and TotalFinaElf (Baudroie - Merou oilfields). In 2003, the Oil Ministry awarded Tullow Oil a production sharing contract (PSC) for the Kiarsseny Marin Area. In 2004, Gabon and China signed an agreement that allowed Chinese companies to explore for hydrocarbon and mineral reserves in Gabon, and the Oil Ministry awarded a PSA to the Gulf of Guinea Petroleum Corporation (GGPC). In 2005, the Oil Ministry awarded Maurel and Prom a PSA for the Omoeyi Block. The newest licensing round, planned for late 2006 - early 2007, will focus on Gabon's unexplored deep and ultra-deep waters.

Downstream

The Sogara refinery at Port Gentil is Gabon's only refinery. Opened in 1967, Sogara is jointly owned by the Gabonese government (25 percent) and a number of international firms, led by Total (44 percent) and Shell (17 percent). According to OGJ, the refinery had 17,300 bbl/d of crude distillation capacity as of January 2006.

Natural gas is a relatively unexploited natural resource in Gabon.

Natural Gas

According to OGJ, Gabon had proven natural gas reserves of 1.2 trillion cubic feet (Tcf) in 2006. In 2004, Gabon produced and consumed 3.5 billion cubic feet (Bcf) of natural gas. The majority of natural gas output is used in the generation of electricity and to run the country's single refinery. In 2004, the Gabonese government awarded Total Gabon the country's first natural gas exploration license under a PSA. The exploration area is located between the capital, Libreville, and Port Gentil. Any natural gas discovered will be used to enhance oilfield performance, or for electricity production at Port Gentil.

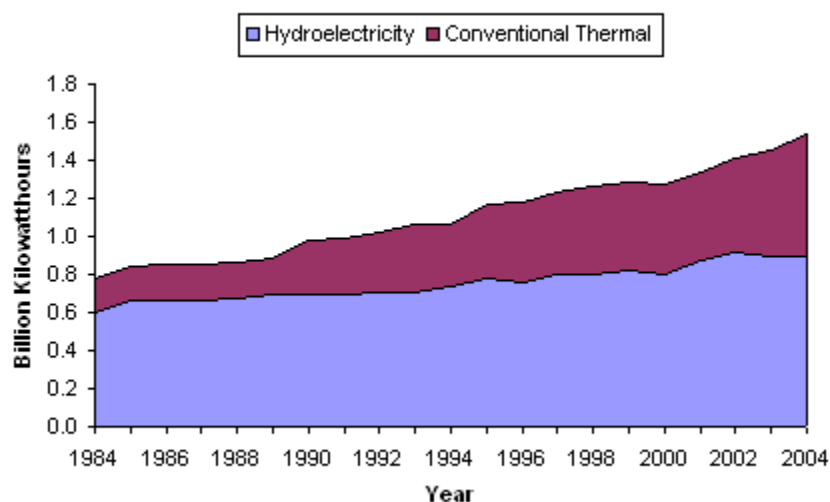
Gabon's Société d'Electricité et d'Eaux du Gabon (SEEG) continues to improve the country's generation capacity and distribution network.

Electricity

Overview

As of January 2004, Gabon had 400 megawatts (MW) of installed generating capacity, of which 59 percent was conventional thermal, the remainder consisting of hydroelectric. In 2004, the country generated 1.5 billion kilowatthours (Bkwh) of electricity, while consuming 1.4 Bkwh. The Nice Port station (60 MW), and Owendo (45 MW) are the major suppliers of oil-fired thermal electricity to Gabon. The primary hydroelectric sites are located at Tchimbele and Kinguele on the M'Bei River.

Gabon's Electricity Generation, by Source, 1984-2004



Source: EIA, *International Energy Annual*

Sector Organization

Gabon's electricity sector is operated by the Société d'Electricité et d'Eaux du Gabon (SEEG). Since 1997, Veolia (a French water and power utility, formerly Vivendi) has owned 51 percent of SEEG. The remaining shares of SEEG are owned by SEEG employees and the public. Electricity rates have fallen since Veolia led efforts to improve the country's generating capacity and its transmission/distribution network.

Almost half of the Gabonese population is connected to the national grid. SEEG supplies electricity to approximately 520,000 people in Gabon, primarily in the cities of Libreville, Port Gentil and Franceville. In December 2005, Perenco signed a natural gas contract with SEEG. Under the contract terms, Perenco will supply natural gas to SEEG's power plants in Libreville and Port Gentil. Proposed pipelines will be built by Perenco in order to transport natural gas from company fields to the power plants.

Profile

Country Overview

Chief of State	President El Hadj Omar Bongo Ondimba (since December 2, 1967)
Location	Western Africa, bordering the Atlantic Ocean at the Equator, between Republic of the Congo and Equatorial Guinea
Independence	17 August 1960 (from France)

Population (2005E) 1,389,201

Economic Overview

Minister of Economy, Finance, Budget and Privatization	Paul Toungui
Currency/Exchange Rate (9/27/06)	1 Communauté Financière Africaine Francs (XAF) = \$0.0019
Inflation Rate (2004E, 2005E)	0.4%, 0.1%
Gross Domestic Product (GDP, 2005E)	\$7.2 billion
Real GDP Growth Rate (2004E, 2005E)	1.4%, 2.7%
Exports (2005E)	\$3.7 billion
Exports - Commodities	crude oil 77%, timber, manganese, uranium (2001)
Exports - Partners (2004E)	US 51.9%, China 9.1%, France 7.7%
Imports (2005E)	\$976 million
Imports - Commodities	machinery and equipment, foodstuffs, chemicals, construction materials
Imports - Partners (2004E)	France 46.1%, US 6.8%, UK 6%
Current Account Balance (2005E)	\$540 million

Energy Overview

Minister of Mines, Energy, Oil, and Water Resources	Richard Onouvié
Proven Oil Reserves (January 1, 2006E)	2.5 billion barrels
Oil Production (2006E)	237 thousand barrels per day, of which 100% was crude oil. (Jan-September 2006)
Oil Consumption (2005E)	13 thousand barrels per day
Crude Oil Distillation Capacity (2006E)	17 thousand barrels per day
Proven Natural Gas Reserves (January 1, 2006E)	1.2 trillion cubic feet
Natural Gas Production (2004E)	3.5 billion cubic feet
Natural Gas Consumption (2004E)	3.5 billion cubic feet
Recoverable Coal Reserves (2003E)	None
Coal Production (2004E)	None
Coal Consumption (2004E)	None
Electricity Installed Capacity (2004E)	0.4 gigawatts
Electricity Production (2004E)	1.5 billion kilowatt hours
Electricity Consumption (2004E)	1.4 billion kilowatt hours
Total Energy Consumption (2004E)	0.04 quadrillion Btus *, of which Oil (68%), Hydroelectricity (23%), Natural Gas (9%), Coal (0%), Nuclear (0%), Other Renewables (0%)
Total Per Capita Energy Consumption (2003E)	29.4 million Btus
Energy Intensity (2004E)	3,894.5 Btu per \$2000-PPP**

Environmental Overview

Energy-Related Carbon Dioxide Emissions (2003E)	4.7 million metric tons, of which Oil (37%), Natural Gas (4%), Coal (0%)
Per-Capita, Energy-Related	3.6 metric tons

Carbon Dioxide Emissions (2003E)

Carbon Dioxide Intensity (2004E) 0.5 Metric tons per thousand \$2000-PPP**

Environmental Issues deforestation; poaching

Major Environmental Agreements party to: Biodiversity, Climate Change, Desertification, Endangered Species, Law of the Sea, Marine Dumping, Ozone Layer Protection, Ship Pollution, Tropical Timber 83, Tropical Timber 94, Wetlands signed, but not ratified: none of the selected agreements

Oil and Gas Industry

Organization State Oil Company: Société Nationale Petrolière Gabonaise

Major Oil/Gas Ports Onshore: Cap Lopez, Oguendjo, Gamba, Port Gentil – Offshore: Lucina, M'Bya

Foreign Company Involvement Amerada Hess, Broken Hill Petroleum, Devon Energy, Energy Africa, Marathon, PanAfrican Energy, Perenco, Petrofields, Petronas, Pioneer Natural Resources, Shell, Sasol Petroleum International, Total, Vaalco, Vanco

Major Oil Fields Rabi-Kounga, Etame

Major Refineries (capacity, bbl/d) Sogara in Port Gentil (17,300)

* The total energy consumption statistic includes petroleum, dry natural gas, coal, net hydro, nuclear, geothermal, solar, wind, wood and waste electric power. The renewable energy consumption statistic is based on International Energy Agency (IEA) data and includes hydropower, solar, wind, tide, geothermal, solid biomass and animal products, biomass gas and liquids, industrial and municipal wastes. Sectoral shares of energy consumption and carbon emissions are also based on IEA data.

**GDP figures from OECD estimates based on purchasing power parity (PPP) exchange rates.

Links

EIA

[EIA – Energy Data](#)

U.S. Government

[CIA World Factbook - Gabon](#)

[U.S. Department of State Consular Information Sheet, Gabon](#)

General Information

[Gabon News Links](#)

[Strategic Road- Gabon](#)

[Washington Post World Reference: Gabon](#)

Associations and Institutions

[African Union \(formerly Organization of African Unity\)](#)

[World Bank Fact Sheet: Gabon](#)

Oil and Natural Gas

[Marathon](#)

[Perenco](#)

[Total](#)

Sources

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Africa News Service

African Energy

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Economist Intelligence Unit ViewsWire

Factiva

Global Insight

International Monetary Fund

International Oil Daily

Oil and Gas Journal

PanAfrican News Agency

Petroleum Intelligence Weekly

Platts Oilgram News

U.S. Energy Information Administration
World Bank
World Markets Analysis

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